

**Report of the  
PUBLIC EMPLOYEE RETIREMENT  
ADMINISTRATION COMMISSION  
on the Examination of Certain Expenses  
of the Lowell Retirement Board  
For the Six Year Period  
January 1, 1995 – December 31, 2000**

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April 3, 2003

The Public Employee Retirement Administration Commission has completed an examination of certain expenses of the Lowell Retirement System pursuant to G.L. c. 32, §21. The examination covered the period from January 1, 1995 to December 31, 2000. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00.

In our opinion the financial records and management functions with respect to expenses are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission.

In closing, I acknowledge the work of examiners David Pickering, Edward Johnson, and James Ryan who conducted this examination and express appreciation to the Lowell Retirement Board, the current Executive Director and the Board staff for their courtesy and cooperation.

Sincerely,

Joseph E. Connarton  
Executive Director

## **Lowell Retirement Board**

**FOR THE SIX YEAR PERIOD ENDING December 31, 2000**

### **The Lowell Retirement Board**

The plan is a contributory defined benefit plan covering all Lowell Retirement System member unit employees deemed eligible by the Retirement Board, with the exception of school department employees who serve in a teaching capacity. The Teacher's Retirement Board administers the pension of such school department employees.

Instituted in 1937, the System is a Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory upon commencement of employment for all permanent, full-time employees.

### **Selection Criteria:**

During a regular audit of the Pittsfield Retirement Board, PERAC Auditors discovered a letter from the Board Chairman to one of the Board's fund managers. The letter contained references to a trip taken by the Chairman, which may have been financed by a third party investment broker. The trip, as it was described to us, was in violation of 840 CMR 17.03 (d).

During a subsequent interview with the Chairman regarding the trip, he explained that it included several other Massachusetts Retirement Board members, whom he went on to name. Boards on which the named members serve were then contacted and a review of certain Board expenditures was conducted for the six-year period January 1, 1995 through December 31, 2000. The Pittsfield Audit was referred to the Attorney General's Office on April 20, 2001.

### **Audit Scope**

The scope of our audit was to review and analyze the internal controls over certain expenses and to review the Board's internal policies and management functions related to this matter. We reviewed expenses for the period of January 1, 1995 to December 31, 2000 inclusive.

## **Lowell Retirement Board**

**FOR THE SIX YEAR PERIOD ENDING December 31, 2000 (Continued)**

### **Travel Regulations:**

On March 7, 2002 PERAC issued Memorandum #15/2002, "Guidelines for Retirement Board Travel Supplemental Regulations" and directed Boards to adopt supplemental regulations consistent with the guidelines. On July 9, 2002 the Lowell Retirement Board submitted Supplemental Travel Regulations for review and approval. On August 29, 2002 the Board was advised that its proposed regulations were inconsistent with the guidelines in several respects.

NOTE: Amended Travel Regulations were again submitted to PERAC and were approved on January 16, 2003.

## **Lowell Retirement Board**

### **EXPLANATION OF FINDINGS AND RECOMMENDATIONS**

#### **FOR THE SIX YEAR PERIOD ENDING DECEMBER 31, 2000**

##### **Travel:**

During the review period, all expenses were properly authorized, and documented by the Lowell Retirement Board in accordance with 840 CMR 25.15(3) and (4).

##### **Recommendation:**

The Lowell Retirement Board should continue to review its Supplemental Travel Regulations and move to adopt supplemental regulations consistent with the guidelines issued by PERAC.

Amended Travel Regulations were submitted to PERAC and were approved on January 16, 2003.